



Annual Report of the
**Michigan
State
Treasurer**



**Fiscal Year
2002-2003**



Jennifer M. Granholm, Governor
Jay B. Rising, State Treasurer

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***Note:** Dollar figures in financial tables represent thousands of dollars unless indicated otherwise.
Figures may not add to totals because of rounding.*



STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

JENNIFER M. GRANHOLM
GOVERNOR

JAY B. RISING
STATE TREASURER

April 2005

The Honorable Jennifer Granholm
Members of the Michigan Legislature
People of the State of Michigan

Attached for your review is the Annual Report of the Michigan State Treasurer for Fiscal Year 2002-2003. This report contains financial information regarding the State Treasurer's Common Cash Fund, Investment Portfolios and Revenues, Michigan's General Obligation Debt, Bond, and Note Payments, as well as State Administered Tax Revenues collected during FY 2003.

Sincerely,

A handwritten signature in black ink, appearing to read "Jay B. Rising".

Jay B. Rising
State Treasurer

Schedule 1



State Treasurer's Common Cash - Assets and Equities (In Thousands of Dollars)

	<u>Fiscal Year Ended September 30</u>	
	<u>2003</u>	<u>2002</u>
<u>Assets</u>		
Cash on Hand	\$ 1	\$ 1
Demand Deposits	557,573	228,468
Time Deposits - Regular	-0-	52,913
Time Deposits - Marina Loan Program	355	529
Time Deposits - Agricultural Loan Program	6,750	6,780
Prime Commercial Paper	1,558,938	2,815,436
Emergency Municipal Loans	47,882	44,570
Michigan Sugar Beet Loan Program	<u>5,000</u>	<u>5,000</u>
Total	<u>\$ 2,176,499</u>	<u>\$ 3,153,697</u>
 <u>Equities</u>		
Available Equity of Other Funds	\$ 1,996,188	\$ 3,016,161
Outstanding Warrants	<u>180,311</u>	<u>137,536</u>
Total	<u>\$ 2,176,499</u>	<u>\$ 3,153,697</u>

The accompanying notes are an integral part of the financial schedules.

Schedule 2



Investment Portfolios of Specific Funds (In Thousands of Dollars)

Fund	Short-term Investments	Government Securities	Corporate Bonds, Notes and Contracts	Common and Preferred Stock	Real Estate and Mortgages	Alternative Investments	International Equities	FY Ended Sept. 30	
								2003 Total	2002 Total
Legislative Retirement	\$ 1,447	\$ -0-	\$ -0-	\$ 155,722	\$ -0-	\$ -0-	\$ -0-	\$ 157,169	\$ 140,531
State Police Retirement	45,224	104,709	75,025	438,922	89,101	127,916	94,129	975,026	881,285
State Employees' Retirement	469,629	902,841	624,249	3,973,715	853,356	1,181,377	855,655	8,860,823	8,280,021
Public School Employees' Retirement	1,228,897	3,419,873	2,535,283	15,453,791	2,914,544	4,732,381	3,132,186	33,416,954	29,906,538
Judges' Retirement	13,765	32,399	19,834	113,101	28,718	24,859	21,229	253,905	233,739
Michigan Veterans' Trust	4,844	38,741	-0-	4,367	-0-	-0-	-0-	47,952	49,020
Game and Fish Protection	32,585	756	-0-	-0-	-0-	-0-	-0-	33,341	30,936
Game and Fish Protection Trust	29,072	54,951	-0-	9,830	-0-	-0-	-0-	93,852	93,023
Michigan Civilian Conservation Corps	346	18,034	2,054	-0-	-0-	-0-	-0-	20,434	20,488
Michigan Natural Resources Trust	141,502	144,237	-0-	-0-	-0-	-0-	-0-	285,739	264,403
Michigan State Parks Endowment	40,227	75,657	-0-	9,830	-0-	-0-	-0-	125,714	118,511
Children's Trust	290	20,634	943	-0-	-0-	-0-	-0-	21,867	21,907
Michigan Nongame Fish and Wildlife	566	4,982	513	491	-0-	-0-	-0-	6,553	6,580
State Lottery	6,493	696,546	-0-	-0-	-0-	-0-	-0-	703,039	789,811
Michigan Higher Education Assistance Authority	30	1,465	-0-	-0-	-0-	-0-	-0-	1,494	1,517
Michigan Education Trust	108,293	519,840	228,789	37,637	-0-	-0-	-0-	894,559	857,621
Gifts, Bequests, and Deposits Investment	43,347	11,401	-0-	82	-0-	-0-	-0-	54,830	37,402
Federal Housing Administration Mortgage Escrow	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	393
Totals	\$2,166,556	\$6,047,064	\$3,486,690	\$20,197,488	\$3,885,720	\$6,066,534	\$4,103,199	\$45,953,250	\$41,733,726

The accompanying notes are an integral part of the financial schedules.

Schedule 3



Investment Revenues (In Thousands of Dollars)

Fund	Common Cash	Specific Funds	Total Revenues Fiscal Year Ended September 30	
			2003	2002
General	\$ (5,891)		\$ (5,891)	\$ (1,664)
Counter - Cyclical Budget and Economic Stabilization	1,821		1,821	20,794
Game and Fish Protection	440	\$ 48	488	659
State Aeronautics	300		300	508
Michigan Veterans' Trust	147	1,954	2,101	2,773
State Trunkline	6,002		6,002	7,463
Michigan State Waterways	736		736	1,269
Blue Water Bridge	243		243	342
Michigan Transportation	3,688		3,688	4,496
Comprehensive Transportation	325		325	723
Marine Safety	55		55	96
Game and Fish Protection Trust	336	2,550	2,885	5,493
State Park Improvement	159		159	215
Forest Development	143		143	222
Recreation Bond - Local Projects	32		32	57
Michigan Civilian Conservation Corps	105	737	843	1,204
Michigan Natural Resources Trust	1,398	6,439	7,837	13,870
Michigan State Parks Endowment	537	3,250	3,786	6,367
Safety Education and Training	53		53	65
Clean Michigan Initiative Bond - Local Projects	29		29	324
Environmental Protection Bond	(211)		(211)	17
Clean Michigan Initiative Bond - Environment Projects	(550)		(550)	159
Bottle Deposits	1,709		1,709	2,871
State Construction Code	159		159	277
Children's Trust	67	603	669	1,047
Homeowner Construction Lien Recovery	22		22	47
Michigan Nongame Fish and Wildlife	42	221	263	405
1989 State Trunkline Bond Proceeds	27		27	41
1992 State Trunkline Bond Proceeds	135		135	186
1992 State Trunkline Critical Bridge Bond Proceeds	---		---	2
1992 Comprehensive Transportation Bond Proceeds	18		18	97
1994 State Trunkline Bond Proceeds	52		52	51
1996 State Trunkline Bond Proceeds	---		---	---
Michigan Merit Award Trust	738		738	3,042
Tobacco Settlement Trust	1,042		1,042	4,100
2001 Build Michigan III Bond Proceeds	2,256		2,256	4,502
2001 Build Michigan II - GARVEE Bond Proceeds	2,046		2,046	3,471
Comprehensive Transportation Bond Proceeds	1,245		1,245	147
Michigan Underground Storage Tank Financial Assurance	1		1	19
Liquor Purchasing Revolving	1,099		1,099	1,562
State Lottery	905	23,630	24,535	77,543

Schedule 3



Continued. . . (In Thousands of Dollars)

Fund	Common Cash	Specific Funds	Total Revenues Fiscal Year Ended September 30	
			2003	2002
Michigan Higher Education Assistance Authority	\$ ---	\$ 35	\$ 35	\$ 94
State Sponsored Group Insurance	2,835		2,835	3,075
State Water Pollution Control Loan	129		129	418
Combined State Trunkline Bond and Interest Redemption	6		6	11
Combined Comprehensive Transportation Bond and Interest Redemption	1		1	4
Michigan Underground Storage Tank Financial Assurance Finance Authority	35		35	45
Recreation & Environmental Protection Bond	6		6	---
Clean Michigan Initiative Bond - State Projects	57		57	131
Recreation Bond - State Projects	20		20	47
Legislative Retirement	63	24,642	24,705	(11,911)
State Police Retirement	143	135,155	135,298	(106,066)
State Employees' Retirement	420	1,240,006	1,240,425	(985,906)
Public School Employees' Retirement	1,294	4,621,160	4,622,454	(3,652,504)
Judges' Retirement	15	34,914	34,929	(25,747)
Michigan Employment Security Act Contingent	271		271	1,487
Michigan Education Trust	---	41,150	41,150	48,898
Vietnam Veterans' Memorial Monument	5		5	14
State Employees' Deferred Compensation II (401(k))	(1)		(1)	(5)
Children's Institute Trust	1		1	2
Gifts, Bequests, and Deposits Investment	648	451	1,099	1,472
Silicosis, Dust Disease, and Logging Industry Compensation	30		30	77
Second Injury	211		211	535
Hospital Patients' Trust	4		4	8
Federal Housing Administration Mortgages Escrow	---		---	3
Self-Insurers' Security	88		88	99
State Employees' Defined Contribution Plan	(4)		(4)	(4)
Environmental Quality Deposits	61		61	83
Utility Consumer Representation	36		36	43
Bankrupt Self-Insured Corporations' Workers' Disability #12	7		7	10
Bankrupt Self-Insured Corporations' Workers' Disability #13	---		---	5
Bankrupt Self-Insured Corporations' Workers' Disability #14	3		3	6
Bankrupt Self-Insured Corporations' Workers' Disability #15	1		1	1
Transportation Related Trust	43		43	(87)
State Employees' Deferred Compensation I (457)	4		4	---
TOTALS	\$27,892	\$6,136,945	\$6,164,834	\$(4,560,800)

The accompanying notes are an integral part of the financial schedules.

Notes to Financial Schedules



NOTE 1: SIGNIFICANT ACCOUNTING POLICIES

a. Report Presentation

The accompanying financial schedules report the assets and equities of the State Treasurer's common cash (Schedule 1), investment portfolios of specific funds (Schedule 2), and investment revenues of the common cash and specific funds (Schedule 3).

The State Treasurer's common cash and specific funds are accounted for in various funds of the State of Michigan and reported in the *State of Michigan Comprehensive Annual Financial Report*.

The *State of Michigan Comprehensive Annual Financial Report* provides more extensive general disclosures regarding the State Treasurer's common cash and deposits and investments. These disclosures provide information regarding market values and risk levels of the deposits and investments.

Common Cash Pool. The State Treasurer, under the authority provided by state statute, manages the State's common cash pool. The pooling of cash allows the State Treasurer to invest money not needed to pay immediate obligations so that investment earnings on available cash are maximized. Pool investments are not segregated by fund; rather, each contributing fund's balance is treated as equity in the common cash pool.

Investments. The State Treasurer, under authority provided by state statutes, manages most investments for the State of Michigan.

Short-Term Investments: This category includes each of the listed fund's individually held short-term investments by classification, the fund's equity in the State Treasurer's common cash pool, and receivables and payables pertaining to security trades not yet settled at fiscal year-end.

Alternative Investments: These investments consist of limited partnerships.

Derivatives: These are financial instruments whose value is derived from, or based on, an underlying security, asset, reference rate or index. The State Treasurer only uses derivative securities or related contractual agreements to hedge assets held or to replicate asset returns. Derivatives are not used for speculation or to leverage the investment portfolios.

The State Treasurer does not employ the use of derivatives in the investment of the State Treasurer's common cash pool or the investment of trust funds other than the pension trust funds.

The State Treasurer invests in derivatives as detailed below:

- *U.S. Passive Equities (Derivatives):* These investments are equity index hedge and replication of return strategies and represent 0.2 percent of the Common Stock investment category.

The pension trust fund portfolios have been invested from time to time in derivative securities and contracts related to U.S. passive equity funds. On September 30, 2002, no such synthetic index investment strategies were held. On September 30, 2003 these strategies comprised approximately 0.1 percent of the total pension trust funds.

- *S&P 600 Small Cap Index (Derivatives):* These investments are swap agreements and represent 0.5 percent of the Common Stock investment category.
- *International Equity Swaps (Derivatives):* These investments are swap agreements and represent 91.3 percent of the International Equities investment category.

Swap agreements, which are tied to stock market indices in the United States and twenty-two foreign countries, are the core of the International Equity Market investment strategy and the S&P 600 Small Cap investment strategy. These contractual agreements are made with large global banks and brokerage firms, and represented approximately 8.8 percent and 7.3 percent of the total pension trust funds on September 30, 2003 and 2002 respectively.

Separately issued financial reports including financial statements and required supplementary information are issued for the pension trust funds. These reports provide more extensive disclosures for derivatives.

b. Basis of Accounting

Schedule 1, *State Treasurer's Common Cash - Assets and Equities*, is presented on the cash basis of accounting. (The *State of Michigan Comprehensive Annual Financial Report's* disclosure regarding the State Treasurer's common cash includes \$1.4 million in interest receivable, because it is presented on the modified accrual basis of accounting.) Schedule 2, *Investment Portfolios of Specific Funds*, and Schedule 3, *Investment Revenues*, are reported on the accrual basis of accounting.



These financial schedules are not intended to constitute a complete financial presentation of either the Department of Treasury or the State's General Fund in accordance with accounting principles generally accepted in the United States of America.

c. Valuations of Investments

Schedule 1. All investments are reported at cost.

Demand deposits represent the account balance reported on bank statements and include deposits which are in the process of being collected through the banking system.

The market value of prime commercial paper at September 30, 2003 and 2002 was \$3,154.6 and \$2,817.2 million, respectively.

Schedule 2. Methods used to value investments:

All investments are reported at fair value, except for short-term investments, which are reported at cost. Securities traded on a national exchange are valued at last reported sales price. The fair value of real estate investments is based on independent appraisals. Investments that do not have an established market are reported at estimated fair value.

d. Securities Lending Transactions

Under the authority of Act No. 314 of the Public Acts of 1965, the State lends securities to broker-dealers and other entities for collateral that will be returned for the same securities in the future. One of the State's custodial banks manages the securities lending program and receives securities as collateral. The custodian is not liable for any losses unless there is negligence or willful misconduct on its part. The collateral securities cannot be pledged or sold by the State and the State receives collateral in the amount of 102 percent of the market value of the securities lent. The types of securities lent are government securities, corporate bonds and equities, and the collateral received is cash, cash equivalents, and U.S. Treasury securities. There is no restriction on the amount of securities lent. Because the loans were terminable at will, their duration did not generally match the duration of the investments made with cash collateral. At September 30, 2003 and 2002 the State had no outstanding credit risk. The market value of the securities lent at September 30, 2003 and 2002 was \$1,494.7 and \$2,036.8 million, respectively.

NOTE 2: CHANGE IN REPORTING OF FUNDS

Effective for FY ended September 30, 2003:

Recreation & Environmental Protection Bond and State Employees' Deferred Compensation I (457) were added to Schedule 3. Bankrupt Self-Insured Corporations' Workers' Disability #1 was removed from Schedule 3.

Effective for FY ended September 30, 2002:

The Comprehensive Transportation Bond Proceeds, the State Employees' Deferred Compensation II (401(k)), and the State Employees' Defined Contribution Plan were added as funds participating in the Common Cash Fund on Schedule 3. The Workplace Health and Safety Fund, Urban Land Assembly Loan - MSF, Workers' Disability Compensation Multiple Trust Fund, Urban Land Assembly Loan, Bankrupt Self-Insured Corporations' Workers' Disability Fund #5, and Bankrupt Self-Insured Corporations' Workers' Disability Fund #6 were removed from Schedule 3.

The following fund names were restated: Michigan Conservation Endowment to Michigan Civilian Conservation Corps; State Lottery Deferred Prize to State Lottery; Debt Service - MUSTFA - Financial Authority to Michigan Underground Storage Tank Financial Assurance Finance Authority; Hazardous and Solid Waste Disposal Facilities Closure Guarantee to Environmental Quality Deposits; Bankrupt Self-Insured Corporations' Workers' Disability #10 to Bankrupt Self-Insured Corporations' Workers' Disability #13; Bankrupt Self-Insured Corporations' Workers' Disability #11 to Bankrupt Self-Insured Corporations' Workers' Disability #14; and Fred Sanders, Inc. Workers' Compensation Trust to Bankrupt Self-Insured Corporations' Workers' Disability #15.

Cash and Investments

The State Treasurer manages the State's cash so funds not needed to pay immediate obligations are invested to earn income. Investments include time certificates of deposit and prime commercial paper as detailed in Schedule 1, *State Treasurer's Common Cash - Assets and Equities*.

Statutes also allow the State Treasurer to loan funds from the common cash pool to financially troubled municipalities in Michigan and to make common cash available to Michigan farmers experiencing financial stress.

The common cash fund pools the cash balances of certain State funds until paid as provided by law.

Manageable common cash includes the following funds:

- General
- School Aid
- Budget Stabilization
- Special Revenue and Enterprise
- Internal Service
- Trust and Agency

The State Treasurer is authorized to transfer cash on hand and on deposit among the various funds in the state Treasury, except funds established to pay debts service on notes and bonds, in such a manner as to best manage the available cash, maximize short-term investment earnings and ensure that State obligations are paid when due.

Table 1



Investment Revenues for Fiscal Years 1994-2003 (In Thousands of Dollars)

Fiscal Year	General Fund Common Cash Earnings (Expenses) ^(a)	Public School Employees' Retirement	State Employees' Retirement	State Police Retirement	Judges' Retirement	Other Investment Funds	Totals ^(b)
2003	\$ (5,891)	\$ 4,622,454	\$ 1,240,425	\$ 135,298	\$ 34,929	\$ 137,619	\$ 6,164,834
2002	(1,664)	(3,652,504)	(985,906)	(106,066)	(25,747)	211,087	(4,560,800)
2001	66,572	(4,511,763)	(1,247,748)	(136,149)	(30,726)	380,968	(5,478,846)
2000	72,497	4,818,123	1,378,453	146,279	44,467	327,887	6,787,706
1999	20,690	5,124,436	1,482,096	158,055	53,345	605,413	7,444,035
1998	(17,192)	2,443,513	718,011	76,461	26,467	497,425	3,744,685
1997	(72,004)	5,794,850	1,699,093	178,693	61,992	738,364	8,400,988
1996	(64,749)	3,325,848	965,921	101,983	35,277	759,728	5,124,008
1995	(67,292)	1,381,419	407,813	41,579	14,731	448,830	2,227,080
1994	(10,487)	1,112,592	328,409	33,787	12,001	396,095	1,872,397

(a)

Fiscal Year Ending	Total State Treasurer's Common Cash Fund and General Obligation Note Retirement Fund Earnings	Distribution of Earnings to Retirement and Other Funds Reported in Their Earnings	General Fund Common Cash Earnings (Expenses)
2003	\$ 27,892	\$ 33,783	\$ (5,891)
2002	69,894	71,558	(1,664)
2001	247,607	181,035	66,572
2000	277,698	205,201	72,497
1999	163,811	143,121	20,690
1998	143,222	160,414	(17,192)
1997	100,067	172,071	(72,004)
1996	99,461	164,210	(64,749)
1995	97,125	164,417	(67,292)
1994	64,435	74,922	(10,487)

(b) Effective October 1, 1997, revenues for nonretirement funds include unrealized gains and losses. Retirement funds were reported at fair value effective October 1, 1996.

Table 2

Statement of Actual Available Month-End Common Cash (In Millions of Dollars)

Month	Combined General Fund and School Aid Fund	Budget Stabilization Fund	Other Funds	Manageable Common Cash ^(a)	Retirement Funds	Bond Funds ^(b)	Total Common Cash
October 2002	\$ 505.1	\$ 263.0	\$ 1,699.7	\$ 2,467.8	\$ 106.8	\$ 497.3	\$ 3,071.9
November	610.3	263.0	1,608.6	2,481.9	126.3	461.7	3,069.9
December	(36.5)	145.8	1,660.7	1,770.0	111.2	385.4	2,266.6
January 2003	163.4	145.8	1,695.5	2,004.7	265.8	392.6	2,663.1
February	(361.5)	145.8	1,541.2	1,325.5	175.9	375.8	1,877.2
March	(908.4)	145.8	1,640.7	878.1	227.3	360.8	1,466.2
April	(1,063.9)	114.3	1,829.2	879.6	186.8	344.4	1,410.8
May	(490.0)	114.3	1,909.1	1,533.4	178.4	337.1	2,048.9
June	(546.1)	114.3	2,078.8	1,647.0	174.2	281.0	2,102.2
July	(822.9)	114.3	2,023.6	1,315.0	342.7	283.7	1,941.4
August	(1,168.0)	114.7	2,097.0	1,043.7	204.4	486.6	1,734.7
September	(490.1)	0.0	1,915.8	1,425.7	152.2	418.3	1,996.2

(a) Manageable Common Cash includes the General, School Aid, Budget Stabilization, Special Revenue, Enterprise, Internal Service, Trust, Agency, and State Building Authority Advance Financing Funds.

(b) Includes Debt Service, Capital Projects, and Bond Funds.

Table 3

Common Cash History (In Millions of Dollars)

Fiscal Year Ended	Combined General Fund and School Aid Fund	Budget Stabilization Fund	Other Funds	Manageable Common Cash ^(a)	Retirement Funds	Bond Funds ^(b)	Total Common Cash
September 1994 ^(c)	\$ 226.2	\$ 311.7	\$ 1,307.8	\$ 1,845.7	\$ 356.8	\$ 309.8	\$ 2,512.3
September 1995	(342.6)	1,083.4	1,369.1	2,109.9	586.0	352.2	3,048.1
September 1996	(700.0)	1,173.4	1,387.8	1,861.2	298.2	205.2	2,364.6
September 1997	(493.9)	1,152.4	1,339.6	1,998.1	133.4	143.5	2,275.0
September 1998	136.0	1,000.5	1,426.3	2,562.8	140.3	264.2	2,967.3
September 1999	1,068.3	1,222.5	1,423.9	3,714.7	142.9	130.2	3,987.8
September 2000	1,631.6	1,264.4	1,996.1	4,892.1	186.2	153.4	5,231.7
September 2001	1,091.5	994.2	1,782.5	3,868.2	143.1	578.2	4,589.5
September 2002	454.7	145.2	1,776.3	2,376.2	121.8	518.2	3,016.2
September 2003	(490.1)	0.0	1,915.8	1,425.7	152.2	418.3	1,996.2

(a) Manageable Common Cash includes the General, School Aid, Budget Stabilization, Special Revenue, Enterprise, Internal Service, Trust, Agency, and State Building Authority Advance Financing Funds.

(b) Includes Debt Service, Capital Projects, and Bond Funds.

(c) General and School Aid Funds balance includes \$26.1 million of transactions in process for 1994.

Table 4



State Treasurer's Common Cash Fund, Cash Balances and Transactions by Fund (In Thousands of Dollars)

Fund	Cash Balances 10-1-02	Receipts (a)	Disburse- ments (b)	Transfers In	Transfers Out	Cash Balances 9-30-03	Warrants Outstanding	Available Balances 9-30-03
GENERAL AND SCHOOL AID								
General	\$1,160,779	\$27,476,766	\$28,191,079	\$ 687,359	\$ 288,433	\$ 845,391	\$90,885	\$ 754,505
School Aid	(614,570)	10,782,610	12,269,834	869,606	11,106	(1,243,295)	1,308	(1,244,604)
Total General and School Aid	\$ 546,208	\$38,259,375	\$40,460,914	\$ 1,556,964	\$ 299,539	\$ (397,905)	\$92,194	\$ (490,098)
BUDGET STABILIZATION								
Counter-Cyclical Budget and Economic Stabilization	\$ 145,150	\$ 1,821	\$ -0-	\$ 9,097	\$ 156,068	\$ -0-	\$ -0-	\$ -0-
Total Budget Stabilization	\$ 145,150	\$ 1,821	\$ -0-	\$ 9,097	\$ 156,068	\$ -0-	\$ -0-	\$ -0-
SPECIAL REVENUE								
Game and Fish Protection	\$ 29,168	\$ 54,041	\$ 62,112	\$ 13,132	\$ 1,645	\$ 32,585	\$ 365	\$ 32,220
Michigan Employment Security Act-Administration	(15,593)	135,281	139,002	9,200	2,247	(12,362)	247	(12,609)
State Aeronautics	21,554	133,109	166,046	26,228	605	14,240	1,586	12,654
Michigan Veterans' Trust	13,109	20,144	28,372	-0-	37	4,844	6	4,838
State Trunkline	460,541	666,230	1,262,220	797,640	105,166	557,026	26,326	530,700
Michigan State Waterways	62,331	9,713	32,181	14,807	8,221	46,449	570	45,879
Blue Water Bridge	16,789	12,328	8,275	-0-	2,266	18,576	6	18,570
Michigan Transportation	208,954	1,998,339	932,169	1,947	1,090,387	186,685	540	186,145
Comprehensive Transportation	59,308	105,993	238,937	165,150	34,624	56,889	3,720	53,169
Marine Safety	4,015	5,161	5,188	-0-	1,134	2,854	33	2,821
Game and Fish Protection Trust	12,053	43,481	15,776	-0-	10,686	29,072	-0-	29,072
State Park Improvement	13,481	31,866	32,464	-0-	1,623	11,261	57	11,204
Forest Development	11,503	21,129	23,686	-0-	144	8,803	119	8,684
Michigan Civilian Conservation Corps	3,682	14,338	17,667	-0-	7	346	-0-	346
Michigan Natural Resources Trust	87,309	115,310	51,076	-0-	10,041	141,502	1,305	140,197
Michigan State Parks Endowment	29,351	33,086	32,181	10,000	30	40,227	40	40,187
Safety Education and Training	4,200	7,372	6,454	-0-	46	5,072	28	5,044
Bottle Deposits	152,554	31,711	34,765	-0-	29,219	120,281	111	120,170
State Construction Code	12,496	8,017	10,666	-0-	94	9,754	19	9,735
Children's Trust	3,587	12,162	15,455	1	6	290	22	268
State Casino Gaming	4,813	28,730	15,271	-0-	9,156	9,116	2	9,114
Homeowner Construction Lien Recovery	1,972	348	1,223	-0-	14	1,082	71	1,011
Michigan Nongame Fish and Wildlife	1,526	5,751	6,707	-0-	4	566	5	561
Michigan Merit Award Trust	135,552	237,529	137,130	6,000	155,299	86,653	182	86,471
Tobacco Settlement Trust	85,196	79,953	128,687	-0-	20,605	15,858	115	15,743
Michigan Underground Storage Tank Financial Assurance (MUSTFA)	1,976	58,471	4,184	3,000	58,682	582	7	575
State Building Authority Advance Financing	(73,671)	270,016	277,888	1,635	-0-	(79,907)	75	(79,982)
Michigan Strategic	145,729	208,716	223,469	-0-	-0-	130,976	367	130,609
Total Special Revenue	\$1,493,489	\$4,348,326	\$3,909,250	\$1,048,741	\$1,541,987	\$1,439,319	\$35,922	\$1,403,396

Table 4



Continued... (In Thousands of Dollars)

Fund	Cash Balances 10-1-02	Receipts (a)	Disburse- ments (b)	Transfers In	Transfers Out	Cash Balances 9-30-03	Warrants Outstanding	Available Balances 9-30-03
BOND, DEBT SERVICE AND CAPITAL PROJECTS								
Recreation Bond - Local Projects	\$ 2,620	\$ 32	\$ 569	\$ -0-	\$ 901	\$ 1,182	\$ -0-	\$ 1,182
Clean Michigan Initiative Bond - Local Projects	8,218	17,247	11,967	-0-	2	13,496	564	12,932
Clean Michigan Initiative Bond - Environmental Projects	(22,734)	141,283	55,089	-0-	19	63,441	329	63,112
Environmental Protection Bond	(11,326)	39,967	16,566	-0-	-0-	12,074	144	11,930
School Bond Loan	48	115,335	82,632	-0-	28,582	4,170	-0-	4,170
1989 State Trunkline Bond Proceeds	1,801	27	225	692	108	2,187	-0-	2,187
1992 State Trunkline Bond Proceeds	9,704	2,640	2,529	-0-	2	9,813	98	9,715
1992 State Trunkline Critical Bridge Bond Proceeds	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
1992 Comprehensive Transportation Bond Proceeds	2,045	15	462	-0-	1,598	-0-	-0-	-0-
1994 State Trunkline Bond Proceeds	2,685	2,194	929	39	144	3,844	-0-	3,844
1996 State Trunkline Bond Proceeds	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
2001 Build Michigan III Bond Proceeds	195,035	11,051	73,760	-0-	1,083	131,243	2,622	128,620
2001 Build Michigan II - GARVEE Bond Proceeds	226,109	11,169	172,792	-0-	8,208	56,277	3,062	53,215
Comprehensive Transportation Bond Proceeds	88,663	37,639	7,272	-0-	12,542	106,488	163	106,325
Combined State Trunkline Bond and Interest Redemption	190	-0-	73,710	73,867	-0-	347	321	26
Combined Comprehensive Transportation Bond and Interest Redemption	-0-	-0-	23,630	23,630	-0-	-0-	-0-	-0-
Michigan Underground Storage Tank Financial Assurance Finance Authority	6,344	3,035	58,656	58,459	3,001	6,181	-0-	6,181
Recreation and Environmental Protection Bond Redemption	-0-	6	45,433	46,519	-0-	1,092	2	1,091
School Loan Bond Redemption	-0-	-0-	32,244	32,244	-0-	-0-	-0-	-0-
State Park Revenue Bond	3,673	18	3,647	-0-	-0-	43	-0-	43
Clean Michigan Initiative Bond - State Projects	5,634	11,811	4,625	-0-	1	12,819	4	12,815
Recreation Bond - State Projects	1,845	20	1,004	-0-	1	861	-0-	861
Total Bond, Debt Service and Capital Projects	\$ 520,552	\$ 393,490	\$ 667,740	\$ 235,450	\$ 56,192	\$ 425,560	\$ 7,309	\$ 418,251
ENTERPRISE								
Liquor Purchasing Revolving	\$ 51,563	\$ 652,105	\$ 513,017	\$ -0-	\$ 135,323	\$ 55,327	\$ 8,072	\$ 47,256
State Lottery	6,484	1,082,105	485,344	-0-	596,753	6,493	997	5,496
Michigan Higher Education Assistance Authority	-0-	107	107	-0-	-0-	-0-	-0-	-0-
Michigan State Housing Development Authority	-0-	119,698	119,698	-0-	-0-	-0-	510	(510)
State Water Pollution Control Loan	11,378	110,120	121,459	-0-	-0-	40	-0-	40
Total Enterprise	\$ 69,425	\$ 1,964,136	\$ 1,239,625	\$ -0-	\$ 732,077	\$ 61,860	\$ 9,579	\$ 52,282
INTERNAL								
Correctional Industries Revolving	\$ 2,979	\$ 34,846	\$ 36,074	\$ -0-	\$ 219	\$ 1,532	\$ 77	\$ 1,455
Motor Transport Revolving	(14,026)	63,185	60,802	-0-	70	(11,714)	38	(11,752)
Office Services Revolving	(3,869)	112,179	115,678	-0-	153	(7,522)	3,416	(10,938)
Information Technology Internal Service	(30,165)	992,999	928,455	-0-	208	34,170	3,065	31,105
Risk Management	10,124	50,362	51,834	-0-	16	8,637	6	8,631
State Sponsored Group Insurance	168,356	969,264	874,444	-0-	23	263,153	2,045	261,108
Total Internal	\$ 133,399	\$ 2,222,835	\$ 2,067,288	\$ -0-	\$ 689	\$ 288,256	\$ 8,648	\$ 279,609

Table 4



Concluded... (In Thousands of Dollars)

Fund	Cash Balances 10-1-02	Receipts (a)	Disburse- ments (b)	Transfers In	Transfers Out	Cash Balances 9-30-03	Warrants Outstanding	Available Balances 9-30-03
RETIREMENT								
Legislative	\$ 2,994	\$ 109,181	\$ 111,005	\$ -0-	\$ -0-	\$ 1,169	\$ 47	\$ 1,122
State Police	1,626	712,430	710,068	-0-	1	3,988	226	3,762
State Employees'	19,820	6,784,468	6,704,605	-0-	58,224	41,458	2,570	38,888
Public School Employees'	106,063	24,078,217	24,067,583	-0-	68	116,629	9,301	107,327
Judges'	3,223	220,933	223,014	-0-	-0-	1,142	76	1,066
Total Retirement	\$ 133,726	\$31,905,228	\$31,816,276	\$ -0-	\$ 58,293	\$ 164,385	\$ 12,221	\$ 152,165
TRUST AND AGENCY								
Michigan Employment Security Act Contingent	\$ 17,672	\$ 12,218	\$ 3,674	\$ -0-	\$ 12,531	\$ 13,685	\$ -0-	\$ 13,685
Vietnam Veterans' Memorial Monument	483	61	196	-0-	-0-	348	-0-	348
Bankrupt Self Insured Corporations' Workers' Disability Fund #14	241	3	-0-	-0-	244	-0-	-0-	-0-
Bankrupt Self Insured Corporations' Workers' Disability Fund #12	510	7	-0-	-0-	517	-0-	-0-	-0-
Children's Institute Trust	108	1	4	-0-	-0-	105	-0-	105
Abandoned and Unclaimed Property (Escheats)	28,633	72,969	41,328	-0-	-0-	60,274	822	59,453
Gifts, Bequests, and Deposits Investment	23,375	114,483	91,956	-0-	2,556	43,347	803	42,543
Silicosis, Dust Disease, and Logging Industry Compensation	3,043	5,514	3,157	-0-	7	5,392	41	5,351
Assigned Claims Plan	131	73,632	56,629	-0-	678	16,457	2,514	13,943
Second Injury	21,170	24,823	18,251	-0-	17	27,725	177	27,548
Hospital Patients' Trust	350	2,079	2,214	-0-	-0-	215	25	190
Federal Housing Administration Mortgages Escrow	393	-0-	393	-0-	-0-	-0-	-0-	-0-
Self-Insurers' Security	6,681	14,288	6,943	821	6	14,840	43	14,797
State Employees' Deferred Comp. I (457)	559	54,866	55,142	-0-	-0-	283	-0-	283
State Employees' Deferred Comp. II (401k)	391	100,403	100,499	-0-	-0-	296	-0-	296
State Employees' Defined Contribution Plan	(50)	66,652	66,637	-0-	-0-	(35)	-0-	(35)
Special Assessment Deferment	629	166	244	-0-	-0-	551	25	526
Environmental Quality Deposits	4,233	(189)	114	-0-	-0-	3,931	-0-	3,931
Insurance Carrier Deposits	1,487	66,204	66,564	-0-	-0-	1,127	67	1,060
Utility Consumer Representation	2,809	747	743	-0-	2	2,811	13	2,798
Bankrupt Self Insured Corporations' Workers' Disability Fund #15	58	1	-0-	-0-	59	-0-	-0-	-0-
Transportation Related Trust	(1,162)	279,311	284,870	10,473	83	3,669	9,907	(6,238)
State Treasurer's Escrow and Paying Agent	-0-	409	409	-0-	-0-	-0-	-0-	-0-
Total Trust and Agency	\$ 111,746	\$ 888,649	\$ 799,966	\$ 11,294	\$ 16,701	\$ 195,022	\$ 14,438	\$ 180,584
GRAND TOTALS	\$3,153,696	\$79,983,860	\$80,961,059	\$2,861,546	\$2,861,546	\$2,176,498	\$180,310	\$1,996,188

(a) Receipts include \$27,708 million of securities sold and matured.

(b) Disbursements include \$26,401 million of securities purchased.

Table 5



Demand Depositories as of September 30, 2003 (In Thousands of Dollars)

City	Depository Bank	Deposits ^(a)	City	Depository Bank	Deposits ^(a)
Adrian	Sky Bank	\$ 165	Ishpeming	Peninsula Bank	\$ 60
	Bank of Lenawee	123	Ithaca	Commercial National Bank	5
Alma	Firstbank, Alma	120	Kalamazoo	National City Bank	21,315
Bad Axe	Signature Bank	64	L'Anse	Commercial National Bank	27
Baldwin	Lake Osceola State Bank	35	Lansing	Standard Federal Bank-Credit Card	908
Benton Harbor	Chemical Bank Shoreline	737		Standard Federal Bank-Main Acct.	16,684
Beulah	Central State Bank	29	Lapeer	Lapeer County Bank and Trust	85
Cadillac	Chemical Bank - West	1,123	Manistique	North Country Bank	55
Caro	Independent Bank - East Michigan	3		State Savings Bank	16
Cheboygan	Citizens National Bank	66	Marquette	Wells Fargo Bank, Michigan	2,037
Chelsea	Chelsea State Bank	89	Mason	Mason State Bank	1,899
Coldwater	Century Bank and Trust	120	Midland	Chemical Bank and Trust	2,052
	Southern Michigan National Bank	48	Monroe	Monroe Bank and Trust	1,759
Croswell	Eastern Michigan Bank	37	Mt. Pleasant	Isabella Bank and Trust	42
Crystal Falls	First National Bank	48	Munising	Peoples State Bank of Munising	100
Detroit	Bank One-Income Tax	47,720	Newberry	Tahquamenon Area Credit Union	27
	Bank One-Main Acct.	391,832	Norway	First National Bank	41
	Comerica Bank - Detroit	24,169	Ontonagon	Citizens State Bank	30
	Comerica Bank - ACH Service	10,039	Port Austin	Port Austin State Bank	6
Eastpointe	First State Bank	156	Rockford	Independent Bank - West Michigan	92
East Tawas	Huron Community Bank	63	St. Charles	Community State Bank	58
Escanaba	Northern Michigan National Bank	13	St. Ignace	First National Bank	39
	State Bank of Escanaba	71	Sault Ste. Marie	Central Savings Bank	40
Fenton	The State Bank	130		Soo Co-Op Credit Union	5
Flint	Citizens Banking Corporation	8,310	Shelby	Shelby State Bank	67
Gladstone	Bay Bank	5	Stockbridge	SSBBank	8
	First Bank Upper Michigan	14	Three Rivers	First National Bank	112
Grand Rapids	Fifth Third Bank	14,597	Wakefield	First National Bank	124
Hancock	Superior National Bank and Trust	130	West Branch	Firstbank, West Branch	8
Hastings	Sand Ridge Bank	1,237	Zeeland	Huntington National Bank	8,268
Hillsdale	Hillsdale County National Bank	71	Total		557,573
Ionia	Independent Bank	108			
	Ionia County National Bank	90			
Iron Mountain	First National Bank of Iron Mountain	41			

(a) Deposits represent the account balance reported on bank statements and include deposits which are in the process of being collected through the banking system. Deposits are rounded to the nearest thousand and are secured by \$747 million of collateral.

Bonds and Notes

The Michigan Constitution limits State general obligation debt to (1) short-term debt for State operating purposes, (2) short- and long-term debt for the purpose of making loans to school districts, and (3) long-term debt for voter-approved purposes.

Short-term debt for operating purposes is limited to an amount not in excess of 15 percent of undedicated revenues received during the preceding FY. Under the Michigan Constitution as implemented by statutory provisions, such debt must be authorized by the State Administrative Board and issued only to meet obligations incurred pursuant to appropriation and must be repaid during the FY in which it was incurred. Such debt does not require voter approval.

The amount of debt incurred by the State for the purpose of making loans to school districts is recommended by the State Treasurer, who certifies the amounts necessary for loans to school districts semiannually. The bonds may be issued in whatever amount is required without voter approval. All other general obligation bonds issued by the State must be approved as to amount, purpose, and method of payment by a two-thirds vote of each house of the Legislature and by a majority vote of the public at a general election.

There is no limitation as to number or size of such general obligation issues.

General Obligation Debt

All current general obligation bond and note issues are presented in Table 6, *General Obligation Debt, Bond and Note Payments*, below. During fiscal 2003, the State issued new debt for \$316.8 million to fund the School Bond Loan and Clean Michigan Initiative Programs.

Special Authority Revenue Bond Debt

Certain governmental authorities issue revenue bonds for construction projects and to acquire or build facilities for the State or its institutions of higher learning. These bonds, as shown in Table 7, *Special Authority Revenue Bond Debt*, are obligations of the individual authorities and are not direct general obligations of the State.

Special Revenue Debt

The State periodically issues long-term bonds for specific purposes, as presented in Table 10, *Special Revenue Debt, Bond and Note Payments*. These issues are not supported by the State's general credit, and their financing comes strictly from the designated revenue sources.



Table 6

General Obligation Debt, Bond and Note Payments (In Thousands of Dollars)

Item		Issue Date	Maturity Dates	New Issues	Principal Payments	Interest Payments*	Outstanding Principal as of 9-30-03
School Bond Loan (a)	Series 1995	1995	1996-2015	\$ -0-	\$ 7,185	\$ 1,813	\$ 32,445 *
	Series 1998	1998	2000-2017	-0-	6,420	3,560	72,435 *
	Series 2001 (Refunding)	2001	2002-2016	-0-	70	4,628	85,175
	Series 2001A Multi-Modal	2001	2005-2021	-0-	-0-	2,493	81,300
	Series 2001B Multi-Modal	2001	2021	-0-	1,245	28	-0-
	Series 2001C Multi-Modal	2001	2019-2021	-0-	-0-	1,344	45,880
	Series 2002A Multi-Modal	2002	2005-2021	-0-	-0-	652	31,010
	Series 2002 (Refunding)	2002	2003-2015	-0-	-0-	3,888	85,125
	Series 2002B Multi-Modal	2003	2021	47,300	-0-	162	47,300
	Series 2003A Multi-Modal	2003	2021	61,530	-0-	-0-	61,530
	Series 2003B Multi-Modal	2003	2010	3,250	-0-	-0-	3,250
	Series 2003C Multi-Modal	2003	2010	4,685	-0-	-0-	4,685
Environmental Protection (b)	Series 1989	1989	1994-2019	-0-	-0-	-0-	8,877 *
	Series 1992	1992	2005-2012	-0-	1,378	5,664	79,005 *
	Water Pollution 1992	1992	1994-2012	-0-	715	515	7,990
	Water Pollution 1993	1993	1995-2013	-0-	890	572	11,000
	Series 1995	1995	1996-2019	-0-	3,640	4,953	82,546 *
	Series 1998	1998	1998-2017	-0-	-0-	945	19,905 *
	Series 2000	2000	2001-2020	-0-	-0-	1,031	18,925 *
	Series 2001 (Refunding)	2001	2002-2016	-0-	-0-	4,681	86,140
	Series 2002 (Refunding)	2002	2004-2015	-0-	-0-	6,144	132,805
	Series 2003	2003	2007-2021	38,000	-0-	-0-	38,000
Recreation (c)	Series 2001 (Refunding)	2002	2005-2012	-0-	30	589	11,785
	Series 2002 (Refunding)	2002	2005-2012	-0-	-0-	925	22,935
Clean Michigan Initiative (d)	Series 1999A	1999	2003-2019	-0-	-0-	1,005	22,440 *
	Series 1999B	1999	2000-2002	-0-	5,430	367	-0-
	Series 2001	2001	2003-2019	-0-	-0-	2,793	56,760
	Series 2002 (Refunding)	2002	2004-2016	-0-	-0-	2,814	59,790
	Series 2003	2003	2007-2021	162,000	-0-	-0-	162,000
Total General Obligation Debt				\$316,765	\$27,003	\$51,566	\$1,371,038

(a) P.A. 112 of 1961 as amended, provides that the State may borrow from time to time such amounts as shall be required for the purpose of making loans to school districts. Requirements are determined semiannually and General Obligation debt is issued as needed.

(b) P.A. 328 of 1988, provided for the issuance of \$660 million General Obligation Bonds, of which \$73.4 million remains.

(c) P.A. 329 of 1988, provided for the issuance of \$140 million General Obligation bonds, all of which have been issued.

(d) P.A. 284 of 1998 and P.A. 451 of 1994 as amended, provided for the issuance of \$675 million General Obligation bonds, of which \$351.1 million remains.

* All or part of the principal amount not presented and not represented in the totals due to the advanced refunding of all or part of this obligation. The table below summarizes the advanced refunding activity by type of bond.

Series	Advanced Refunded From Series	Amount Refunded	FY 03 Paid From Escrow Principal	FY 03 Escrow Interest	FY 03 Escrow Balance
General Obligation Debt:					
School Bond Loan	2001, 2002	\$ 172,365	\$ -0-	\$ 9,228	\$ 172,365
Environmental Protection	1995, 2001, 2002	307,560	67,182	12,461	202,545
Recreation	2001, 2002	-0-	35,365	1,020	-0-
Clean Michigan Initiative	2002	59,325	-0-	3,317	59,325
		\$ 539,250	\$ 102,547	\$ 26,026	\$ 434,235



Special Authority Revenue Bond Debt ^(a) (In Thousands of Dollars)

Item	New Issues	Principal Payments	Interest Payments	Outstanding Principal as of 9-30-03
Mackinac Island State Park Commission	\$ -0-	\$ 210	\$ 141	\$ 2,320 *
Michigan State Housing Development Authority (b)	367,975	557,482	84,166	1,841,384
Michigan State Hospital Finance Authority (c)	1,030,945	406,648	259,401	4,087,137 *
Michigan Higher Education Facilities Authority	30,690	25,045	14,550	340,485
Michigan Higher Education Student Loan Authority	131,980	251,900	25,257	1,299,420
Michigan Municipal Bond Authority	1,169,514	854,896	91,742	3,095,091
Michigan State Building Authority (d)	909,525	884,900	119,579	2,606,760 *
Michigan Underground Storage Tank Financial Assurance Authority	-0-	15,900	7,938	121,550
Michigan Public Educational Facilities Authority	14,890	-0-	-0-	14,890
Michigan Broadband Development Authority	16,667	-0-	200	50,000
Michigan Family Farm Development Authority	-0-	44	N/A	37
Total Special Authority Revenue Bond Debt	\$3,672,186	\$2,997,025	\$602,974	\$13,459,074

* All or part of the principal amount not presented and not represented in the totals due to the advance refunding of all or part of this obligation.

- (a) Not administered by Department of Treasury. Information in the table is provided by each Authority. Does not include the activity of the Michigan Strategic Fund.
- (b) The new issues include \$80 million of new bond issues plus \$1.0 million of capital appreciation for the FY.
- (c) Balance includes \$3,905 million in bonds and \$182.1 million in Hospital Equipment Loan Program notes (HELP). Balance does not include MSHFA obligations that have been advance refunded. In FY 2003, net escrow payment activity was \$382.8 million leaving an escrow principal liability as of September 30, 2003 of \$1,321.4 million.
- (d) Balance includes accreted value at year-end on outstanding Capital Appreciation Bonds. Balance does not include \$2,345 million in SBA obligations that have been advance refunded. In FY 2003, \$182.8 million in principal was paid out of escrow, leaving an escrow principal liability as of September 30, 2003 of \$767.1 million. Also, outstanding principal balance does not include commercial paper notes issued by the Authority. As of September 30, 2003, \$338.5 million of commercial paper notes was outstanding.

Table 8



General Obligation Bond Payment Schedule (In Thousands of Dollars)

For Period Ended September 30	Principal	Interest	Total
2004	\$ 27,501	\$ 66,079	\$ 93,580
2005	52,678	67,736	120,414
2006	59,908	63,913	123,821
2007	70,110	63,533	133,643
2008	77,319	58,895	136,214
2009	78,197	58,098	136,295
2010	81,884	54,612	136,496
2011	87,526	46,280	133,806
2012	88,985	44,894	133,879
2013	100,840	33,114	133,954
2014	102,960	27,718	130,678
2015	103,075	22,237	125,312
2016	78,405	17,392	95,797
2017	59,315	13,909	73,224
2018	56,770	11,334	68,104
2019	82,225	8,536	90,761
2020	82,330	5,270	87,600
2021	81,010	2,065	83,075
Total (a)	\$1,371,038	\$665,615	\$2,036,653

(a) Includes \$275 million in State of Michigan Multi-Modal General Obligation School Loan Bonds, Series 2001A and C, Series 2002A and B, and Series 2003A, B and C assuming a 3.5% interest rate and maturing in years 2005 through 2021.

Table 9



Bonds and Notes Payable by Fiscal Year (In Thousands of Dollars)

Item	Outstanding on September 30				
	1999	2000	2001	2002	2003
GENERAL OBLIGATION DEBT					
School Bond Loan	\$ 322,650	\$ 316,370	\$ 386,000	\$ 448,290	\$ 550,135 *
Environmental Protection	439,851	421,652	480,565	453,816	485,163 *
Recreation	76,876	65,341	39,460	34,750	34,750
Clean Michigan Initiative		96,860	92,290	144,420	300,990
Total General Obligation Debt	\$ 839,377	\$ 900,223	\$ 998,315	\$ 1,081,276	\$ 1,371,038
NON-GENERAL OBLIGATION DEBT					
Michigan Department of Transportation Tax Dedicated Bonds	\$ 827,870	\$ 801,830	\$ 1,081,119	\$ 1,126,763	\$ 1,123,900 *
MDOT Grant Anticipation Notes	-0-	-0-	400,000	600,000	600,000
Michigan Department of Natural Resources					
State Park Revenue Bonds	-0-	-0-	-0-	15,500	15,500
Special Authorities-Revenue Bonds and Notes: (a)					
International Bridge Authority	1,818	-0-	-0-	-0-	-0-
Mackinac Island State Park Commission	2,980	2,805	2,725	2,530	2,320 *
Michigan State Housing Development Authority	2,026,541	2,058,321	2,010,900	2,030,891	1,841,384
Michigan State Hospital Finance Authority	3,569,311	3,735,500	3,751,233	3,845,458	4,087,137 *
Michigan Higher Education Facilities Authority	220,395	228,845	293,575	334,330	340,485 *
Michigan Higher Education Student Loan Authority	782,360	835,595	929,365	1,419,340	1,299,420
Michigan Municipal Bond Authority	2,243,566	2,555,130	2,883,835	2,961,050	3,095,091
Michigan State Building Authority	1,945,086	1,957,803	2,159,314	2,582,134	2,606,760 *
Michigan Underground Storage Tank Financial Assurance Authority	180,540	166,870	152,520	137,450	121,550
Michigan Public Educational Facilities Authority	-0-	-0-	-0-	-0-	14,890
Michigan Broadband Development Authority	-0-	-0-	-0-	33,333	50,000
Michigan Family Farm Development Authority	505	410	181	81	37
Total Non-General Obligation Debt	\$11,800,972	\$12,343,109	\$13,664,767	\$15,088,860	\$15,198,474

* All or part of the principal amount not presented and not represented in the totals due to the advance refunding of all or part of this obligation.

(a) Does not include the activity of the Michigan Strategic Fund.

Table 10



Special Revenue Debt, Bond and Note Payments (In Thousands of Dollars)

Item		Issue Date	Maturity Dates	Amount issued	Principal Payments	Interest Payments	Outstanding Principal as of 9-30-03
Michigan Department of Transportation							
Tax Dedicated Bonds Michigan Comprehensive Transportation:							
	RF. SR. 1996-A	1996	2014	22,650	\$ 1,000	\$ 1,197	\$ 21,280
	RF. SR. 1998-A	1998	2010	38,640	-0-	1,901	38,640
	RF. SR. 2001-A	2001	2021	27,765	-0-	1,410	27,765
	RF. SR. 2002-A	2002	2011	89,620	10,655	4,439	78,965
	Series 2002-B	2002	2022	82,310	-0-	3,028	82,310
	Series 2003	2003	2023	35,020	-0-	-0-	35,020
State Trunkline Fund:							
	Series 1989-A	1989	2019	135,780	-0-	-0-	11,195 *
	Series 1992-A	1992	2021	253,618	7,940	218	30,038 *
	RF. SR. 1992-B I & II	1992	2021	99,592	3,135	86	4,612 *
	Series 1994-A	1994	2024	150,000	2,955	595	9,860 *
	RF. SR. 1994-B	1994	2002	90,990	5,810	145	-0-
	SR. 1996-A	1996	2026	54,500	940	373	5,695 *
	RF. SR. 1998-A	1998	2026	377,890	-0-	19,455	377,890
	Series 2001-A	2001	2030	308,200	5,440	15,867	302,760
	RF. SR. 2002	2002	2021	97,870	-0-	2,718	97,870
MDOT Grant Anticipation Notes:							
	Series 2001-A,B,C,D	2001	2008	400,000	-0-	4,357	400,000
	Series 2002-A,B,C,D	2002	2009	200,000	-0-	2,178	200,000
Michigan Department of Natural Resources							
State Park Revenue Bonds							
	Series 2002	2002	2022	15,500	-0-	324	15,500
Total Special Revenue Debt					\$37,875	\$58,291	\$1,739,400

* All or part of the principal amount not presented and not represented in the totals due to the advance refunding of all or part of this obligation. The table below summarizes the advance refunding activity by type of bond.

Series	Advanced Refunded From Series	Amount Refunded	FY 03 Paid From Escrow Principal	FY 03 Escrow Interest	FY 03 Escrow Balance
Special Revenue Debt:					
Trunkline Transportation	1992B, 1994B, 1998A, 2002	\$441,875	\$277,620	\$16,994	\$164,255
		<u>\$441,875</u>	<u>\$277,620</u>	<u>\$16,994</u>	<u>\$164,255</u>

State Tax Collections

State taxes and fees totaling \$20,413,332 (in thousands) were collected during FY 2003, which is a decrease of 1.0 percent over the previous FY.

During FY 2003, a number of changes were enacted to tax rates including reducing individual income tax and single business tax rates.

Major tax collections for FY 2003 and the previous four years are detailed in Table 11, *Treasury Administered Taxes and Fees Collected on a Cash Basis*, below.

Table 12, *Michigan State Taxes*, identifies all Michigan taxes and gives administrative information about each.



Table 11

Treasury Administered Taxes and Fees Collected on a Cash Basis (In Thousands of Dollars)

Type of Revenue	10-1-98 to 9-30-99	10-1-99 to 9-30-00	10-1-00 to 9-30-01	10-1-01 to 9-30-02	10-1-02 to 9-30-03
Income Tax:					
Withholding Tax	\$ 6,480,945	\$ 6,715,569	\$ 6,636,961	\$ 6,438,241	\$ 6,334,996
Individual Income Tax	713,640	778,805	695,484	521,286	431,889
Individual Income Tax Estimates	839,077	866,548	784,278	635,691	592,986
Individual Income Tax Penalty and Interest	22,860	22,489	21,219	22,802	18,789
Gross Individual Income Tax Collections	8,056,522	8,383,411	8,137,942	7,618,020	7,378,660
Tax Refunds and Tax Credits (a)	(1,117,551)	(1,136,887)	(1,298,637)	(1,357,672)	(1,532,963)
Net Individual Income Tax	\$ 6,938,971	\$ 7,246,524	\$ 6,839,305	\$ 6,260,348	\$ 5,845,697
Single Business Tax	\$ 2,605,948	\$ 2,520,405	\$ 2,356,745	\$ 2,280,168	\$ 2,179,850
Single Business Tax Penalty and Interest	47,898	61,126	71,375	68,675	70,092
Gross Single Business Tax	2,653,846	2,581,531	2,428,120	2,348,843	2,249,942
Tax Refunds	(232,854)	(217,096)	(263,972)	(296,604)	(293,203)
Net Single Business Tax	\$ 2,420,992	\$ 2,364,435	\$ 2,164,148	\$ 2,052,239	\$ 1,956,739
Motor Fuel Taxes	\$ 1,066,743	\$ 1,081,026	\$ 1,066,554	\$ 1,098,032	\$ 1,100,343
Sales Tax	5,918,067	6,240,769	6,364,641	6,492,547	6,408,508
Use Tax	1,293,931	1,327,630	1,343,760	1,315,629	1,236,133
Sales, Use, Withholding Penalty and Interest	62,582	57,567	51,001	52,452	44,597
Cigarette Tobacco Products Tax	599,440	592,124	581,957	622,223	874,441
Cigarette Tobacco Products Tax Penalty and Interest	314	424	186	92	304
Non-Cigarette Tobacco Products Tax	14,284	15,607	16,552	18,837	18,142
Intangibles Tax (b)	810	1,075	(133)	608	(994)
Inheritance Tax (c)	(293)	405	488	509	239
Estate Tax (c)	175,275	163,245	159,055	141,475	106,819
Utility Property Tax	214,286	156,666	103,223	140,841	133,276
Gas and Oil Severance Tax	23,924	40,804	60,771	34,647	54,085
Gas and Oil Privilege Fee	5,219	6,460	12,533	5,107	5,749
Industrial/Commercial Facilities Tax	136,043	144,878	130,634	149,889	156,406
Convention Facility Tax	16,593	18,239	17,872	15,775	15,676
Convention Facility Tax Penalty and Interest	71	26	7	27	4
Underground Regulatory Fee	58,776	59,567	57,912	60,929	58,459
Insurance-Retaliatory Tax	191,702	155,191	194,996	218,651	229,654
State Education Tax	1,245,055	1,337,391	1,428,681	1,578,743	1,776,174
Real Estate Transfer Tax	253,813	250,663	262,682	254,237	257,537
Commercial Mobile Radio Service Tax	-0-	12,303	22,501	24,734	27,449
Airport Parking Tax	14,677	16,804	17,522	14,135	14,342
Airport Parking Tax Penalty and Interest	.24	.21	1.45	.35	.82
State Housing Development Service Fee	9,933	5,864	7,578	7,911	8,409
Other Taxes and Fees (d)	64,974	52,858	47,037	56,977	85,143
TOTAL	\$ 20,726,182	\$ 21,348,545	\$ 20,951,464	\$ 20,617,594	\$ 20,413,332

(a) Temporary Assistance to Needy Families (TANF) funded by the Federal government reduced income tax refunds by \$56 million in FY 2002.

(b) Public Act 5 of 1995 repealed Public Act 301 of 1939 regarding collection of Intangible Taxes. Refunds paid exceeded revenue collected in FY 2001 and FY 2003.

(c) Public Act 54 of 1993 replaced the Inheritance Tax for dates of death after September 30, 1993 with the Estate Tax.

(d) Includes Court Fines, Fees and Assessments, Trailer Coach Parks Specific Tax, Commercial Forest Tax and Low Grade Iron Ore Specific Tax.

Table 12



Michigan State Taxes (In Thousands of Dollars)

Tax Source	Year Adopted	Department Administered by	Payment Deadline	Net Cash Receipts 10-1-02 to 9-30-03	Disposition
Aircraft Registration	1923	Transportation	August 1	293	State Aeronautics Fund
Airport Parking	1987	TREASURY	15th of each month	14,342	State Aeronautics Fund; Specific Local Units
Aviation Fuel	1929	TREASURY	20th of each month	7,544	State Aeronautics Fund
Beer and Wine Excise	1933	Labor & Economic Growth	Monthly reports and/or stamps	50,710	General Fund
Casino Wagering	1999	Education	Daily	90,817	School Aid Fund
Cigarette Tobacco Products	1947	TREASURY	20th of each month	874,441	54.2% to School Aid Fund, 33% to General Fund, 6% to Healthy Michigan Fund, 6.8% to Local Units
Non-Cigarette Tobacco Products	1994	TREASURY	20th of each month	18,142	75.6% to School Aid Fund, 18.4% to General Fund, 6% Healthy Michigan Fund
Commercial Mobile Radio Services	1999	TREASURY	Last day of Feb., April, July & Oct.	27,449	Commercial Radio Suppliers and Counties, Public Safety Answering Points
Convention Facility Development	1985	TREASURY	15th of each month	15,676	Debt Service for Cobo Hall; Counties
Corporate Organization	1891	Labor & Economic Growth	At time of incorporation, admission or increase in stock	13,044	General Fund
Diesel Fuel	1947	TREASURY	20th of each month	104,742	Michigan Transportation Fund
Diesel Fuel Dealer License	1951	TREASURY	January 1	-0-	Michigan Transportation Fund
Estate	1994	TREASURY	Nine months following date of death	106,819	General Fund
Gas and Oil Privilege Fee	1973	TREASURY	25th of each month	5,749	General Fund
Gas and Oil Severance	1929	TREASURY	25th of each month	54,085	General Fund
Gasoline	1925	TREASURY	20th of each month	936,707	Michigan Transportation Fund
Horse Race Wagering	1933	Agriculture	At end of each day's racing	11,807	Agriculture Equine Industry Development Fund
Individual Income	1967	TREASURY	April 15	5,845,697	General Fund with 24.7% to School Aid Fund prior to January 1, 2003 and 25.3% to School Aid Fund after January 1, 2003
Industrial Facilities	1974	TREASURY	December 1	156,406	Local Units and School Aid Fund
Inheritance	1899	TREASURY	Within 105 days after death, except contingent transfers-due at vesting	239	General Fund
Insurance Company Retaliatory	1987	TREASURY	Last day of April, July, Oct. and Jan.	229,654	General Fund
Intangibles	1939	TREASURY	April 30, or last day of 4th month after end of taxpayer's tax year	(994)	General Fund
Liquified Petroleum Gas	1953	TREASURY	20th of each month	734	Michigan Transportation Fund
Liquor Excise - 4%	1957	Labor & Economic Growth	At the time of sale to retail licensees	30,605	School Aid Fund
Liquor Specific - 4%	1959	Labor & Economic Growth	At the time of sale to retail licensees	31,071	General Fund
Liquor Specific - 1.85%	1972	Labor & Economic Growth	At the time of sale to retail licensees	11,297	Liquor Purchase Revolving Fund
Liquor - 4% - Tourism and Convention Facilities	1985	Labor & Economic Growth	At the time of sale to retail licensees	30,713	Debt Service for Cobo Hall; Counties
Marine Fuel	1947	TREASURY	20th of each month	364	Michigan State Waterways Fund
Motor Carrier Diesel Fuel	1980	TREASURY	Last day of month following close of qtr.	50,139	Michigan Transportation Fund
Motor Carrier's Privilege	1923	Labor & Economic Growth	December 1	5,605	Michigan Transportation Fund
Motor Vehicle Weight or Value	1905	State	Owner's birthday	846,041	Michigan Transportation Fund
Real Estate Transfer	1994	TREASURY	County Treasurer remits to State on the 15th in the month after receipt	257,537	School Aid Fund
Sales	1933	TREASURY	15th and last day of each month for accelerated filers. 20th day of the month for non-accelerated filers.	6,408,508	73.3% to School Aid Fund, 1.7% to General Fund, 1.3% to Comprehensive Transportation Fund, 23.7% to Local Units
Single Business	1975	TREASURY	April 30, or last day of 4th month after end of taxpayer's tax year	1,956,739	General Fund
State Education	1994	TREASURY	County Treasurer remits to State the month after receipt from Local Units	1,776,174	School Aid Fund
Snowmobile Registration	1968	State	October 1 (every 3rd year)	1,632	General Fund
Underground Regulatory	1989	TREASURY	10th and 25th of each month	58,459	Michigan Underground Storage Tank Financial Assurance Fund
Utility Property	1905	TREASURY	July 1 or 1/2 on Aug. 1, 1/2 on Dec. 1	133,276	General Fund
Use	1937	TREASURY	15th of each month	1,236,133	66.6% to General Fund, 33.4% to School Aid Fund
Watercraft Registration	1967	State	January 1 (every 3rd year)	9,569	17.5% to Michigan State Waterways Fund, 33.5% to Harbor Development Fund, 49% to Marine Safety Fund

Local Property Taxes

Local property taxes in Michigan are levied by local units of government - school districts, cities, counties, townships and villages. Each of Michigan's 83 counties then "equalizes" the local assessments.

Equalization ensures that similar properties in different areas are assessed equitably. Following county equalization, the State Tax Commission equalizes among counties.

Table 13 shows state, county and local equalized valuations for calendar year 2002 and the prior decade. This table also lists the total Taxable Valuation beginning with the 1994 tax year and lists the average tax rate (millage) for each year. Table 14 shows how property tax dollars are apportioned among the various taxing units.

Michigan taxpayers' local property tax burden is lessened substantially by an income tax credit for property taxes paid.

Table 13



Local Property Tax Valuation, Levies and Average Rates (In Millions of Dollars)

Calendar Year	Local Assessed Valuation	County Equalized Valuation	State Equalized Valuation	Taxable Valuation (a)	Total Taxes Levied	Average Rate (Mills) (b)	Homestead Average Rate (c)	Nonhomestead Average Rate
2002	\$ 343,577	\$ 343,715	\$ 343,715	\$ 274,652	\$ 11,033	40.17	32.60	51.00
2001	312,429	312,519	312,896	257,712	10,251	39.78	32.12	50.72
2000	284,331	284,427	284,427	240,647	9,462	39.32	31.54	50.10
1999	260,964	261,002	261,002	228,096	8,933	39.16	31.40	49.76
1998	237,401	237,410	237,416	215,179	8,450	39.27	31.43	49.68
1997	216,682	216,745	216,745	202,616	7,952	39.25	31.36	49.63
1996	200,246	200,341	200,341	191,777	7,536	39.32	31.35	49.52
1995	186,262	186,388	186,395	185,530	7,081	38.88	31.00	48.79
1994	175,280	175,550	175,195	175,195 (a)	6,704	38.19	30.22	48.17
1993	167,651	167,877	167,731	---	9,501	56.64	---	---
1992	154,266	154,284	153,929	---	8,942	58.09	---	---

(a) Beginning in 1994, property taxes have been levied against Taxable Value, not State Equalized Value.

(b) This is the Average Rate based on all classes of property.

(c) Homesteads include those properties which receive the "homeowner's principal residence" exemption, and those which receive the "qualified agricultural property" exemption.

Table 14



Distribution of Local Property Taxes (In Thousands of Dollars)

Taxing Unit	Taxes Levied		Percent of Increase
	2001	2002	
City	\$ 1,923,619	\$ 2,016,791	4.84%
County	1,612,237	1,726,576	7.09%
Township	564,489	637,405	12.92%
Village	79,095	83,140	5.11%
School	4,525,182	4,921,482	8.76%
State Education Tax	1,546,273	1,647,913	6.57%
Totals	\$10,250,893 (a)	\$11,033,307 (b)	

(a) \$607.9 million of the total property taxes levied in 2001 was refunded to taxpayers through the "circuit breaker" system of property tax credits against State income tax due or as a reimbursement if they exceed the income tax.

(b) \$714.1 million of the total property taxes levied in 2002 was refunded to taxpayers through the "circuit breaker" system of property tax credits against State income tax due or as a reimbursement if they exceed the income tax.

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